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PA/HO, Department of State
E.O. 12958, as amended
June 9, 2005

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SENIOR REVIEW GROUP MEETING

April 17, 1972

Time and Place: 3:05 - 4:04 P. M. , White House Situation Room

Subject: South Asia

Participants:

Chairman -	Henry A. Kissinger	CIA -	Richard Helms William Parmenter
State -	John N. Irwin II Christopher Van Hollen David Schneider William Cargo	Treasury -	John McGinnis
		AID -	Donald MacDonald
Defense -	Kenneth Rush Armistead Selden James Noyes	NSC Staff -	Harold H. Saunders Jeanne W. Davis
JCS -	LTG Richard T. Knowles B/Gen. William C. Burrows		

SUMMARY OF CONCLUSIONS

1. AID will prepare a paper on ways to transfer as much US aid to Bangladesh as possible to bilateral channels rather than multilateral, and the implications of doing so.
2. The State Department will recast the telegram of instruction of Ambassador Keating in more general terms, as opposed to limiting it to the India-Pakistan context, and will include two alternate versions on the treatment of continuation of the arms embargo, for the President to decide.
3. If the cable of instruction goes out in the next day or two, it will include the FY 73 aid figure for India. If the telegram is delayed, India will be informed in a separate message.

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Mr. Kissinger: Dick [Helms], will you give us a rundown on where we stand.

(Mr. Helms briefed from the attached text.)

Mr. Kissinger: I'd like to discuss today the general strategy toward all three countries on the subcontinent over the next month or two. State has drafted a cable of instruction to Ambassador Keating for a talk with the Foreign Minister which is a good summary of State's views. We also have one other subject which I didn't warn you about: the President would like to move as much as possible of our aid to Bangladesh from multilateral to bilateral. He wants a proposal on how to do this and the implications of so doing. Of course, I would welcome an expression of your views, but I think that will be the President's general attitude toward aid to the subcontinent. So far as Bangladesh is concerned, he wants to move to bilateral aid as soon as we can.

Mr. MacDonald: We didn't anticipate that, but as a matter of fact we have been questioning the extent to which we could rely on multilateral instruments for large-scale development assistance.

Mr. Kissinger: We're talking about humanitarian assistance too.

Mr. MacDonald: All our assistance in the next year will be under the relief and rehabilitation heading because that is what the appropriation is for. The UN's facilities have been badly taxed on their food and relief operation but, on balance, they have done an adequate job. But looking beyond that to the need for rebuilding a transportation system and the like, we question whether the UN or even the World Bank will be able to handle the entire job. Some areas of assistance represent an opportunity for us to have a political impact, and we have a proposal coming over on this.

Mr. Kissinger: Fine, as long as it is understood that the President wants to move as much bilaterally as possible in order to get some direct credit.

Mr. MacDonald: We foresee no less than one-half of all US aid to the area between now and June 30 going bilaterally.

Mr. Kissinger: I suspect the Secretary of the Treasury wants 95% to go bilaterally.

Mr. MacDonald: We have asked our Mission how far we can go on the bilateral side.

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Mr. Kissinger: I was kidding about the 95%; I don't know what the right figure is. But I imagine the President is thinking about more than 50%.

Mr. Irwin: It may be more a question of the minimum we can get by with doing through the multilateral agencies if they have a program going, rather than the maximum we can do bilaterally.

Mr. Kissinger: Let's prepare a paper and discuss it here again, then take it to the President. We don't know what's involved now. [to Irwin] Jack, would you like to discuss the matter of our general strategy -- how we deal with India and Pakistan.

Mr. Irwin: I'll ask Chris [Van Hollen] to outline this for you then I'll add a word or two.

Mr. Van Hollen: It looks as though bilateral talks may get under way between India and Pakistan at least at the emissary level in the next two weeks, which will probably then lead to a summit meeting between Bhutto and Mrs. Gandhi. Our proposed stance is to recognize that we probably cannot and should not get in a position of mediation. But to the extent we can develop any effective influence in the three capitals, we should bring our views to bear looking toward a desirable peace and a new set of relationships in South Asia. Our messages to Bangladesh and Islamabad have set the stage in those two capitals to pick up the dialogue there. With India, there may be areas where we can counsel restraint: prisoners of war, Indian support on war crimes, pushing the territorial issue in Kashmir. Our influence in these or any other areas is minimal at present. We think we could say to India that our interests lie in a stable and durable peace; that we don't want an artificial balance; but that we expect India to act with restraint and magnanimity toward Pakistan in the light of the political problems Bhutto faces. We should make it clear that we still support the UN resolution on withdrawal.

On the matter of military supply, if we decide to hold fast on our present position, there would be some advantage in telling the Indians that we don't intend to change our position on the embargo in the short run, but that it is under close review and that our decision will be governed by the degree of progress in the India-Pakistan talks. That way we would keep our options open.

Mr. Kissinger: (to Mr. Van Hollen) How can the State Department resist playing a mediating role? Joe Sisco must be sick.

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Mr. Van Hollen: We slipped it through while he was away.

Mr. Irwin: After the 1965 war, when there was reasonable parity between India and Pakistan, the Soviets stepped in. Now that India is predominant, although the Soviets will play a key role in New Delhi I don't think India will permit the Soviet Union or anyone else to get in the middle.

Mr. Kissinger: State's cable assumes that the way to get India to be conciliatory is through exhortation by (Ambassador) Keating on the wisdom of restraint. Is that the way, or should we indicate that if they are not conciliatory we may be driven to strengthening Pakistan to withstand Indian pressure? Or should we strengthen Pakistan anyway? Are we better off if we make Indian pressure on Pakistan more costly to the Indians? Of course, you could argue that, if Pakistan is impotent, India would be more likely to be generous than if we made no effort.

Mr. Van Hollen: The tone of our message is not designed to indicate a warm, forthcoming position toward India.

Mr. Kissinger: It will be when Keating gets through with it.

Mr. Van Hollen: We can strengthen the language if you wish. It's a question of whether we can establish an effective dialogue. I think we can marginally affect the situation. If we get into a dialogue we can make our weight felt.

Mr. Kissinger: The President is not eager to resume arms aid to Pakistan. What is the Indian theory? That they can receive unlimited Soviet aid and can maintain a large domestic arms industry, but that anyone who contributes to Pakistan is undermining peace? How does that work?

Mr. Van Hollen: It doesn't, but that is the standard Indian line. It's for that reason that the Moscow talks will be interesting.

Mr. Kissinger: Will this be discussed at Moscow? Who put this on the agenda?

Mr. Van Hollen: The President did, in his Foreign Policy Report to the Congress.

Mr. Kissinger: Are we to discuss how to restrain India?

Mr. Van Hollen: Yes.

Mr. Kissinger: (to Mr. Van Hollen) Are you people preparing briefing papers on this?

Mr. Van Hollen: Yes. The Indians do take a double position on this. They have their own arms production and they receive aid from the Soviets, but no one should supply Pakistan.

Mr. Irwin: They take the same double position on the question of elections in Kashmir. If we want to move toward good relations with all countries in the subcontinent, as the President's Report indicates, we should over the long term try to move India into a more or less neutral corner with less Soviet bias. Arming Pakistan would put this long-term prospect further off and make it less possible. In the long-term interests of the U.S., I think it would be better not to arm Pakistan.

Mr. Kissinger: Because if we keep India happy, it would make India more neutral?

Mr. Irwin: Not for certain, of course, but it might. On the other hand, strengthening Pakistan might be in our greater long-term interest.

Mr. Kissinger: Would we tell India that unless they become more neutral we will arm Pakistan as a gamble?

Mr. Irwin: Chris (Van Hollen) has some language which implies that the way India handles itself will influence our actions toward Pakistan. I also question whether we could carry through, because of Congressional and domestic pressure, on a large-scale arms program for Pakistan.

Mr. Kissinger: There's a difference between a large-scale arms program for Pakistan and fulfilling the one-time-exception commitment. We're not talking about large-scale rearmament but about fulfilling a promise.

Mr. Van Hollen: There's a question whether any action to arm Pakistan will advance peace hopes. We would have serious problems both domestically and in the sub-continent in any arms supply approach. We'd be better off to try to create a new base in India. We can't effectively accelerate arms supply to Pakistan in the short run in any way which would have an effect on the current negotiations. In fact, you could argue the other way. In the 1950s India argued that U.S. help to Pakistan justified its renegeing on the UN resolution.

Mr. Kissinger: India will act in its own self-interest. If it wants to do something it will find an excuse. In the 1950s nothing we could have done would have brought about elections in Kashmir.

Mr. Van Hollen: But arms to Pakistan might give India an excuse in this context.

Mr. Irwin: In the 1950s we had the possibility of making Pakistan a real force, but we can't do it now on the basis of the one-time exception.

Mr. Kissinger: (to Mr. Rush) Ken, what do you think?

Mr. Rush: We can't turn Pakistan around quickly into a strong power. India will do what it wants to do. I think we should strengthen Pakistan and, on a low-key basis, open talks with India. India won't pay very much attention to us on POWs or the other issues, but we can do something with Pakistan.

Mr. Selden: We received a request today for training for 120 Pakistan pilots over a two-year period.

Mr. Kissinger: What is our policy on that?

Mr. Van Hollen: We have small military training programs in the U.S. for both India and Pakistan -- about \$250,000.

Mr. Rush: I think to attempt to interject ourselves in India would be a confession of weakness. I would play it cool with the Indians.

Mr. Irwin: I don't disagree with that.

Mr. Helms: Anything we could do for the Pakistanis in the short term doesn't provide much leverage with the Indians.

Mr. Kissinger: What is our problem with India?

Mr. Helms: We need a way to get some leverage to influence Indian decisions. We have to think of various ways to get this leverage. Arming Pakistan isn't one of them.

Mr. Irwin: What we would gain by arming Pakistan wouldn't be enough.

Mr. Kissinger: Would what we would gain by not arming Pakistan be enough?

Mr. Irwin: It might help us build some influence, but maybe not.

Mr. Kissinger: How would we build influence by foregoing doing something we're not doing?

Mr. Van Hollen: We could make it clear that our action depends on on-going Indo-Pak negotiations. We wouldn't close our options. We would indicate that we would hold off on arms supply in the short run to facilitate a settlement.

Mr. Selden: Would this include training?

Mr. Van Hollen: No.

Mr. Rush: If we do nothing for Pakistan, India will think that their present position of pro-Soviet bias is the way to make hay. It would be counter-productive. I think we should play it cool with India.

Mr. Kissinger: No one objects to food aid to Pakistan, do they?

Mr. Van Hollen: No. We want to maintain maximum political support for Pakistan and maximum economic assistance plus support for the UN resolution. We've got \$150 million for this for this Fiscal Year.

Mr. Helms: The last thing we need is for Pakistan to break up. We should do what is necessary to keep the country unified with a viable government and economy. But this won't have much influence on India.

Mr. Kissinger: Following through on the one-time exception is not necessarily related to a confrontation with India.

Mr. Helms: I agree. We should build up Pakistan.

Mr. Rush: I agree. India's objective is still to dismember Pakistan, and political and economic chaos is an easy way.

Mr. Kissinger: It could be done by saying that we are fulfilling an old commitment.

Mr. MacDonald: Pakistan won't necessarily fall into economic chaos. They should do nicely in the years ahead.

Mr. Rush: But there could be political chaos.

Mr. Irwin: You're more likely to get political chaos if there is economic chaos rather than political chaos without economic chaos. If we don't help them militarily, it doesn't necessarily add to their political problems.

Mr. Rush: It could contribute to a feeling of despair which would influence their dealings with India.

Mr. Irwin: But extension of the one-time package wouldn't make the difference.

Mr. Rush: It could psychologically.

Mr. Helms: Bhutto has a tough hand to play. He's looking for a psychological boost. Remember you only have one or two leaders in these countries. If they go, the country has nothing left. Even if we don't like the leader, it's better to have one than not to have one.

Mr. Van Hollen: It's a question of the right tactics to reach our objective. We could continue close political support and go all-out on economic assistance to Pakistan. On the military side, leaving aside the fact that it would create a helluva stir domestically, it might not help us achieve our objective.

Mr. Kissinger: Would it create a helluva stir if we said that India is getting X million in arms from the Soviets and has a domestic arms production of X million and we're only doing what we said last year we would do?

Mr. Van Hollen: Yes.

Mr. Kissinger: Who would object?

Mr. Van Hollen: Senator Church is already talking about legislation to prevent any military supplies to India or Pakistan or any South Asia country. This would just reinforce his hand.

Mr. Kissinger: In order to keep Church from putting in his resolution, do we have to do what his resolution requires?

Mr. Van Hollen: Leaving aside the Congressional problems, we think we'd be better off to go the economic and political route.

Mr. Kissinger: There's no question about the political and economic support. The question is whether we should fulfill something that we interrupted at the time of the hostilities. We're not making a new commitment. Suppose Congress does pass a restriction against it? We would be no worse off.

Mr. Van Hollen: But it could limit our ability to go forward on the economic track.

Mr. Kissinger: Only if Congress is ready to legislate anti-Pakistan legislation.

Mr. Van Hollen: Some elements in the Senate Foreign Relations Committee are.

Mr. Noyes: Remember that the one-time exception was cash sales. Pakistan may not have the money now.

Mr. Van Hollen: Also, these were commitments to the former administration.

Mr. MacDonald: Remember that we had also promised \$87 million to India. If we loosen up for Pakistan it will create an invidious situation.

Mr. Kissinger: Now we're back to where we were last December. I'll say it again--the President wants to be invidious.

Mr. Irwin: On the question of the \$87 million for India, it will be difficult to get into a dialogue on future developments with India until we clear up the past. To the degree we want a dialogue, it will be more difficult without clearing up the \$87 million.

Mr. Kissinger: We don't want to pay for having a dialogue. The President is taking this position in Vietnam and elsewhere. We may have parallel interests with India in Bangladesh. Why should we pay to have a dialogue? What is India doing to us now that they weren't doing when we gave them the \$87 million? How much more bothersome have they been this year?

Mr. Irwin: On the question of Bangladesh, we have already moved on that. We can't tell India they'll have problems with Bangladesh if they don't talk to us. We've already told Bangladesh we'd help them.

Mr. Kissinger: We were told that if we didn't do it the Russians would take over Bangladesh. I should think India would be delighted.

Mr. Irwin: Maybe the Chinese would take over.

Mr. Kissinger: There are no vital U.S. interests affected if China takes over Bangladesh. But I'm confident this is not the last time we will hear of the \$87 million for India.

Mr. MacDonald: It looms more important in the Indian view with the passing of time.

Mr. Van Hollen: In our message we assumed we would maintain our suspension of the \$87 million.

Mr. Rush: The best way of getting a dialogue started with India is to have a success in Moscow, to continue the normalization of our relations with China and to have a stable government in Pakistan.

Mr. Irwin: I agree. Those things are more important than the \$87 million or some arms aid to Pakistan.

Mr. Rush: But to have a stable government in Pakistan, we should move to help them psychologically and otherwise, possibly with some small arms supply. India can't possibly object to that.

Mr. Kissinger: How much arms aid is India getting from the Soviets?

(Mr. Kissinger was called from the room but returned a few minutes later.)

Mr. Cargo: We would have a serious problem of tactics and timing if we should resume arms shipments under the one-time exception now. I agree our commitment should be honored at some time, but the domestic fall-out if we did it now would be serious and could adversely affect some of the other things we have going with the Congress. Also, India would kick up a helluva fuss.

Mr. Kissinger: They will anyway.

Mr. Cargo: I think it would be better to use the argument the other way around--to tell India that we are keeping the embargo on for now, but-----

Mr. Kissinger: Can't we make any differentiation between an ongoing program and new programs?

Mr. Van Hollen: We don't say that in our cable.

Mr. Kissinger: And we only want India to pursue a moderate posture toward Pakistan?

Mr. Van Hollen: We also want to talk to India about relations with the Soviets.

Mr. Kissinger: Would we ask them what non-alignment means? That's not in your cable.

Mr. Van Hollen: It is indirectly.

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Mr. Kissinger: Put it directly.

Mr. Van Hollen: It's done.

Mr. Rush: We have \$1-1/2 million in spare parts, which have been paid for, in a warehouse for Pakistan. They should go.

Mr. Kissinger: What happened to the commercial license restrictions?

Mr. Van Hollen: They were lifted on both sides.

Mr. Kissinger: I have no violent objection to the India telegram, but I suggest it be recast in more general terms, not only in the India-Pakistan context. Also, I think the tone is a little pleading--as though we are getting more out of it than they are, which isn't self-evident.

Mr. Van Hollen: If that tone is there, it shouldn't be.

Mr. Kissinger: On aid, let's get an estimate of the relative balance between bilateral and multilateral assistance and what steps we have in mind in Bangladesh over the next year.

Mr. MacDonald: All right.

Mr. Rush: Why not just let the military supply embargo for India and Pakistan remain as it is; leave it up in the air and let the Indians wonder about it.

Mr. Kissinger: Let India raise it. Then (Ambassador) Keating can say it is under active review and the outcome will be influenced by developments in the area.

Mr. Van Hollen: The key question is whether we should volunteer the information. We would have some advantage in possible influence on India if we volunteer the information. We will reply that way anyway if asked.

Mr. Rush: I think the advantage might be the other way. If India wants something, we should get the credit for it. If we give it voluntarily, the advantage is gone. If asked, we can reply that our policy remains under review. We shouldn't let India tell Pakistan that we have assured them (India) that the arms embargo will stay in effect.

Mr. Kissinger: Do both versions for the telegram and we'll let the President decide.

Mr. Irwin: We have already said, in answer to questions, that for the present we are holding to the embargo. That wouldn't be a new statement.

Mr. Kissinger: But we could pull off it if we wanted to. We should leave it to the President to decide.

Mr. Irwin: Are you all aware of the AID FY73 presentation--the treatment of the South Asia figure?

Mr. Van Hollen: \$90 for India and \$75 for Pakistan.

Mr. Kissinger: As long as it is clearly understood that you don't come to the President for any expenditure of the \$90 for India.

Mr. MacDonald: It's understood that this is just a planning figure.

Mr. Van Hollen: If the cable of instruction to (Ambassador) Keating goes out in the next day or two, we might include something on the aid figures. If the telegram is delayed, I think we should let the Indians know in a separate message.

Mr. Kissinger: I'll let you know tomorrow. You (State) get over the redone telegram with the two versions on arms supply, and send it to everyone for comment. If we can clear it fast enough we can include the aid figure.